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IN THE

Supreme Court of the United States

October Term, 1960

POLAROID CORPORATION,

Petitioner,

—v.—

POLARAD ELECTRONICS CORPORATION,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

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PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

To the Honorable Chief Justice of the United States and the Associate Justices of the Supreme Court of the United States:

Petitioner, Polaroid Corporation, plaintiff below, prays that a writ of certiorari be issued to review the judgment of the United States Court of Appeals for the Second Circuit, entered February 28, 1961, affirming a judgment of the United States District Court for the Eastern District of New York, entered May 6, 1960, dismissing the complaint.

Report of Opinions

The opinion of the Court of Appeals (annexed as Appendix A to this petition) is reported at 287 F. 2d 492. The opinion of the District Court dismissing the complaint after trial (printed in plaintiff's Record Appendix at p.

299a*) is reported at 182 F. Supp. 350. The opinion of the District Court denying defendant's motion for summary judgment to dismiss the complaint on the ground of plaintiff's laches (printed in plaintiff's Appendix at p. 296a) is reported at 121 USPQ 259.

Grounds of Jurisdiction

The judgment of the Court of Appeals was entered February 28, 1961 (Appendix B to this petition). The judgment of the District Court was entered May 6, 1960 (Appendix C to this petition; plaintiff's Appendix, p. 312a). Jurisdiction of this Court is invoked under Section 1254(1) of Title 28 of the United States Code and under Section 1122 of Title 15 of the United States Code.

Questions Presented

1. In an action for infringement of a registered trademark brought under the Trademark Act of 1946, 15 U. S. C., Section 1114 *et seq.*, where the defendant, with knowledge of the plaintiff and its trademark, adopts and uses a trademark likely to cause confusion as to the source of origin of the goods with which it is used, does mere delay by the plaintiff in instituting suit against the defendant, absent any assent or acquiescence by the plaintiff in the defendant's use, constitute laches barring injunctive relief (a) as to goods of the parties which are in direct competition, (b) as to other goods which are not directly competitive but are closely related, and (c) as to other goods which are non-competitive and remotely related?

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* "——a" refers to petitioner's record appendix as plaintiff-appellant below; "A——" refers to respondent's record appendix as defendant-appellee.

2. Does a shorter period of delay on the part of the plaintiff in instituting such action support a defense of laches where the goods of the parties are non-competitive than where the goods are competitive?

3. In an action for infringement of a registered trademark, where the Court of Appeals finds the plaintiff's trademark "well-known" (Appendix A, p. 27), "valid" (Appendix A, p. 30) and "strong" (Appendix A, p. 30) and the similarity between the plaintiff's and the defendant's trademarks "great" (Appendix A, p. 30), and where the defendant adopted and used its trademark with knowledge of the plaintiff's trademark, should the Trademark Act of 1946, 15 U. S. C., Section 1114(1), be construed as requiring close similarity between the goods of plaintiff and defendant in order to entitle the plaintiff to injunctive relief?

4. In an action for infringement of a registered trademark, may a defendant, while asserting priority of use of its unregistered trademark on goods competitive with certain of the plaintiff's goods and seeking by compulsory counterclaim injunctive relief against plaintiff's trademark use, simultaneously urge laches as a defense to plaintiff's cause of action?

5. In an action for infringement of a registered trademark, where the District Court has entered judgment dismissing the complaint and holding that the defendant has not infringed plaintiff's trademark, and where the District Court has independently found that the plaintiff is barred from any relief by laches, may the Court of Appeals, while expressly refusing to determine the issue of defendant's infringement, although indicating some disagreement with the District Court's judgment of non-infringement, affirm said judgment on the sole ground of plaintiff's laches?

Statutes Involved

This case involves the following statutes (Appendix D to this petition):

Trademark Act of 1946, 15 U. S. C., Section 1114(1)
New York General Business Law, Section 368-(b)
New York General Business Law, Section 368-(c), Subdivision 3.

Statement

"Polaroid" was adopted by petitioner's predecessor as its trademark in 1935 and was registered in the United States Patent Office in 1936 (219a). Petitioner acquired the trademark and registration in 1938 and since then has obtained 21 additional federal registrations of "Polaroid", ten of them prior to the formation of respondent's predecessor (220a *et seq.*). Petitioner has continuously used "Polaroid" as its trademark on all of its products (3a), and has applied it to many different kinds of goods.

In 1944, when respondent's predecessor was formed, petitioner's sales of products under its trademark "Polaroid" were $13,000,000 (4a), and in 1958 they exceeded $65,000,000 (5a).

Respondent's predecessor adopted "Polarad" as part of its corporate name and as its trade name with knowledge of petitioner and of its trademark (119a, 277a).

Prior to respondent's first use of "Polarad", petitioner's trademark "Polaroid", which the Court below held to be a "strong" trademark (Appendix A, p. 30), had become widely and favorably known. It had become a dictionary word, had been referred to in many texts and patents and had been featured in many magazine and newspaper articles (36a *et seq.*).

While the bulk of petitioner's business has been in the optical and photographic fields, it has been continuously active in electronics and in television (in which the Court below found respondent heavily involved), since prior to the formation of respondent's predecessor.

Since 1940 (15a *et seq.*) petitioner has been continuously engaged in Government research and development contracts, many of which relate to the field of electronics. In 1941 it entered into an electronic contract, for the development of a machine gun trainer (10a-11a). In 1943 it entered into a $7,600,000 contract for the development of guided missiles (18a). These and other contracts, entered into prior to the formation of respondent and involving substantial sums, establish petitioner's activity in the field of electronics prior to the formation of respondent's predecessor. Petitioner's continuous activity in this field (12a, 14a, 24a, 45a, 73a, 77a, 123a) has involved direct contact with the Government military agencies which have been respondent's most important customers.

Since 1943, petitioner has been selling Schmidt corrector plates and related optical systems for use in television (7a-9a), and sales of this product under the "Polaroid" trademark amounted to more than $1,000,000 before respondent's predecessor was formed (8a). Since 1946 petitioner has continuously manufactured and sold polarizing television filters (7a) which the Court below found functionally analogous to filters sold by respondent in connection with its oscilloscopes (Appendix A, p. 31). Petitioner's television filter sales amounted to $150,000 in 1948 and to more than $300,000 in 1949, and, while fluctuating, have been continuous and substantial (7a). Respondent itself alleges in its second counterclaim that these two products are so closely related to products upon which it has used "Polarad" as to cause confusion as to the origin of the parties' goods (253a-255a).

Respondent's first sales were in 1945 (A276). For three years thereafter it manufactured and sold testing equipment which it made to order and for many years its business was small (320a). It issued its first catalog in 1952 or '53 (281a), at which time it was making and selling microwave apparatus and studio television equipment for both black and white and color television. By 1954 or 1955, when respondent issued a second catalog, it had expanded its product line to include instruments operating throughout the entire radio frequency range and represented itself as manufacturing all kinds of industrial electronic equipment (169a).

In 1955, through its Stark Products Division, respondent began selling consumer products such as bicycle accessories, tail lamps, and gauges (169a-170a), some of which were competitive with products such as hand tools and electric lamps for which petitioner had secured registrations of its trademark as early as 1941 (223a, 224a). Respondent continued to sell these products until two years after suit was brought when it discontinued this portion of its business (128a). About the time petitioner commenced this action (A277), respondent began selling laboratory instruments such as viscometers and titrators which are neither within the microwave nor television fields (169a). Petitioner has been applying its trademark to laboratory instruments such as polariscopes since 1935 (A258).

While the trial was in progress, respondent issued a prospectus in connection with the contemplated public offering of its shares of common stock (119a), in which it represented that it was not only a manufacturer of microwave instruments but was also active in the fields of communication equipment, navigational instruments, test equipment for guided missiles, laboratory equipment and

accessories, and that it was engaged in research in the infrared field as well as other fields (319a). Petitioner has been active in the infrared field since the early 1940's (24a, 26a, 34a).

During the first seven years of its existence, respondent's business was small. Not until 1951 did its annual sales total a half million dollars and not until 1955 did its annual sales to industry, as distinguished from its sales to Government agencies, total more than $1,000,000 (320a). Since 1950 its sales to Government military agencies have exceeded 50% of its total sales and recently have approximated 75% (320a). The bulk of respondent's expansion has occurred since it was notified by petitioner of its infringement.

Prior to 1956 there were but two instances of actual confusion, one in 1951 (89a), the other in 1954 (81a); in 1956 there were six; in 1957 there were 12; in 1958 there were more than 20; and in the few months in 1959 prior to trial there were a half dozen more (91a-116a). Many of these involve military departments of the Government. They include orders or requests to bid, an invitation to attend a classified conference, and payments for goods delivered.

On December 11, 1956, petitioner brought this action against respondent for infringement of petitioner's federally registered trademark "Polaroid", for unfair competition and for infringement of petitioner's New York State registration of the same trademark (209a). The jurisdiction of the District Court was invoked under U. S. C., Title 28, Section 1338 and under the Trademark Act of 1946, U. S. C., Title 15, Section 1114 *et seq.* The necessary requirements for diversity jurisdiction being present, such jurisdiction was invoked under U. S. C., Title 28, Sections 1332 and 1338(b).

Respondent answered (243a), denying infringement, and affirmatively pleading laches as a defense. By counterclaim it sought (1) a declaratory judgment that it had not infringed or unfairly competed with petitioner; (2) in the alternative, injunctive relief against petitioner's use of the trademark "Polaroid" which it alleged was a copy and colorable imitation of its trademark and trade name "Polarad" and the use of which on Schmidt corrector plates and television filters it asserted was likely to cause confusion or mistake as to the source of origin of the goods; and (3) cancellation of petitioner's 22 federal registrations of the trademark "Polaroid". Both parties thus assert that "Polaroid", petitioner's trademark and trade name, and "Polarad", respondent's trademark and trade name, are confusingly similar and that as to certain specified goods the parties are either in direct competition or their products are closely related.

On January 21, 1959 Judge Byers denied respondent's motion for summary judgment to dismiss the complaint on the ground of plaintiff's laches (296a).

Judge Rayfiel, in an opinion dated March 29, 1960 and reported at 182 F. Supp. 350 (299a), dismissed the complaint and respondent's counterclaims, holding that petitioner, to succeed as to any cause of action stated in the complaint, must establish similarity of, or competition between its products and those of respondent; and that, in the absence of such similarity or product competition, the complaint must be dismissed. He also found petitioner chargeable with such laches as would bar injunctive relief. The judgment of the District Court dismisses the complaint on the express grounds that respondent has neither infringed nor unfairly competed with petitioner (Appendix C).

Both parties appealed, petitioner from the dismissal of the complaint, respondent from the dismissal of its counterclaims. Respondent subsequently withdrew its appeal.

The Court below affirmed the judgment of the District Court, but on the sole ground of petitioner's laches. It refused to pass upon the question of respondent's infringement of petitioner's trademark (Appendix A, pp. 26-27). Because it found that respondent was heavily involved in the field of television and that petitioner had made and sold at least two products for use in that field, as to which respondent had itself asserted likelihood of confusion, the Court below, citing its own prior decisions in *Yale Electric Corp.* v. *Robertson*, 26 F. 2d 972 (1928), *L. E. Waterman Co.* v. *Gordon*, 72 F. 2d 272 (1934), *Triangle Publications, Inc.* v. *Rohrlich*, 167 F. 2d 969 (1948), and *Admiral Corp.* v. *Penco, Inc.*, 203 F. 2d 517 (1953), said that it was by no means sure that petitioner

> ". . . would not have been entitled to at least some injunctive relief if it had moved with reasonable promptness. However, we are not required to decide this since we uphold the District Court's conclusion with respect to laches" (Appendix A, p. 32).

In affirming the judgment of the District Court solely because of petitioner's laches, the Court below held that *Menendez* v. *Holt*, 128 U. S. 514 (1888), upon which petitioner relies, would not support petitioner's claim to injunctive relief, "even when a portion of the marks and the products are identical" (Appendix A, p. 34). In support of its decision it cited *Landers, Frary & Clark* v. *Universal Cooler Corp.*, 85 F. 2d 46 (2 Cir., 1936), *Emerson Electric Mfg. Co.* v. *Emerson Radio & Phonograph Corp.*, 105 F. 2d 908 (2 Cir., 1939), and *Duinell-Wright Co.* v. *White House Milk Co., Inc.*, 132 F. 2d 822 (2 Cir., 1943), which it held limited the rule of *Menendez* v. *Holt* and *McLean* v. *Fleming*, 96 U. S. 245 (1877), to cases in which the newcomer is selling goods which do not differ from those sold by the trademark owner.

The Court below also brushed aside petitioner's contention that respondent is estopped to assert laches by reason of its counterclaims for affirmative relief, holding that this Court's decision in *Southern Pine Lumber Co.* v. *Ward*, 208 U. S. 126, 140, 141 (1908), had been "undermined" by F. R. Civ. Proc. 8(e)(2), and electing to follow its own decision in *Landers, Frary & Clark* v. *Universal Cooler Corp.*, 85 F. 2d 46, which it characterized as "far more sensible" (Appendix A, pp. 33-34).

Reasons for Granting the Writ

I. The decision of the Court below is in conflict with the rule as to the applicability of laches in trademark cases announced by this Court in *McLean* v. *Fleming* and in *Menendez* v. *Holt*, and followed and applied in subsequent cases.

II. The decision of the Court below is irreconcilable with decisions of the Courts of Appeals in the First, Seventh, Eighth and Ninth Circuits.

III. This case presents important questions of federal trademark law which have not been, but should be, decided by this Court.

IV. The determination of the Court below, in sustaining the defense of laches while expressly refusing to decide the issue as to respondent's infringement, violates the prohibition against the decision of hypothetical questions and the rendition of advisory opinions.

I.

The decision of the court below is in conflict with the rule as to the applicability of laches in trademark cases announced by this Court in *McLean* v. *Fleming* and in *Menendez* v. *Holt*, and followed and applied in subsequent cases.

Respondent adopted "Polarad" as its trademark and trade name with knowledge of petitioner's prior adoption and use of "Polaroid" as its trademark (119a, 277a). Since 1945, when it began business, respondent has extended its product line from the microwave signal generators and video amplifiers which it initially built until it includes television and radar equipment, scientific and laboratory equipment and instruments, Klystron tubes and tube testers, bicycle lamps, plastic consumer products and many other devices (A276-277, 315a *et seq.*), and respondent has publicly expressed an intention of expanding into still other fields, such as the infrared (319a).

At no time did respondent attempt to ascertain the extent of petitioner's business, its use of its mark, the scope of petitioner's registrations, or its possible objections to respondent's use (119a, 294a-295a). As late as November 1955, after petitioner opposed respondent's application to register "Polarad" as a trademark, respondent extended its use of "Polarad" to new products including bicycle lamps and other consumer products (123a), and after this suit was brought (A277) it extended its use of "Polarad" to scientific and laboratory instruments such as viscometers and titrators, which are neither "microwave" nor "television" devices (158a-159a).

Petitioner never consented to or acquiesced in respondent's use of its mark. It is chargeable merely with silence and inaction.

In *McLean* v. *Fleming*, 96 U. S. 245, even though the plaintiff's delay of 21 years constituted "inexcusable laches" and the plaintiff was guilty of "acquiescence of long standing" such as to bar an accounting, "infringement having been proven", this Court held the plaintiff entitled to injunctive relief. Asked in *Menendez* v. *Holt*, 128 U. S. 514, to reconsider the *McLean* holding, this Court refused, saying:

> "We see no reason to modify this general proposition . . . The intentional use of another's trade-mark is a fraud; and when the excuse is that the owner permitted such use, that excuse is disposed of by affirmative action to put a stop to it. Persistence, then, in the use is not innocent, and the wrong is a continuing one, demanding restraint by judicial interposition when properly invoked. Mere delay or acquiescence cannot defeat the remedy by injunction in support of the legal right, unless it has been continued so long, and under such circumstances, as to defeat the right itself" (p. 523).

The Court below construed *Saxlehner* v. *Eisner & Mendelson Co.*, 179 U. S. 19 (1900), as restricting the scope of *Menendez* v. *Holt*, and adopted Judge Learned Hand's explanation in *Dwinell-Wright Co.* v. *White House Milk Co., Inc.*, 132 F. 2d 822, that the *Menendez* rule applies only when the goods of the parties are in competition. In so doing, it departed from its own earlier decision in *Aunt Jemima Mills Co.* v. *Rigney & Co.*, 247 F. 407, 412 (1917), where it applied the rule of *McLean* v. *Fleming* to a situation where the goods of the parties were related, but not competitive, and granted injunctive relief to a plaintiff who had delayed for eight years before asserting its rights.

In *Dwinell-Wright Co.* v. *White House Milk Co., Inc.*, *Landers, Frary & Clark* v. *Universal Cooler Corp.*, 85 F. 2d

46, and *Emerson Electric Mfg. Co.* v. *Emerson Radio & Phonograph Corp.*, 105 F. 2d 908, all cited by the Court below in support of its laches holding, the plaintiff's conduct in each case had gone far beyond "mere delay" and amounted to acquiescence and consent to defendant's infringing activities.

Saxlehner v. *Eisner* does not restrict or limit the application of the rule as stated in *McLean* and *Menendez*. In *Saxlehner*[1] the plaintiff was denied injunctive relief, not because of laches, but because its trademark had become generic, thus defeating the right itself. There is no such finding in the instant case. Thus the decision of the Court of Appeals, denying injunctive relief to petitioner on the ground of laches, does not fall within the exception delineated in *Menendez* and invoked in *Saxlehner*, but is in direct conflict with this Court's holding in *McLean* and in *Menendez*.[2]

This Court, in *Hanover Star Milling Co.* v. *Metcalf*, 240 U. S. 403 (1916), speaking of *McLean*, *Menendez* and *Saxlehner*, said:

> "As to laches and acquiescence, it has been repeatedly held, in cases where defendants acted fraudulently or with knowledge of plaintiffs' rights, that relief by injunction would be accorded although an accounting of

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[1] *French Republic* v. *Saratoga Vichy Spring Co.*, 191 U.S. 427 (1903), is to the same effect as *Saxlehner* v. *Eisner*.

[2] The English decisions are in accord. See *Electrolux Ltd.* v. *Electrix, Ltd.*, 71 R.P.C. 23 (1953), in which the Court, rejecting defendant's contention that the owner of a registered trademark who for a substantial period of time has lain by and not asserted its rights has lost those rights, said: "... so to hold ... in a case where the length of time involved is no greater than in this case, would be to introduce a wholly novel (may, revolutionary) doctrine" (p. 34). The defendant had begun its use in 1932 or 1933, the plaintiff learned of defendant's use in 1936 but did not put defendant on notice until 1947 nor sue until 1949.

profits should be denied. . . . So much must be regarded as settled" (p. 419).[3]

Respondent admits knowledge of petitioner's trademark when it adopted and first used its own infringing trademark. This Court has equated such knowledge with fraud and has "regarded as settled" that relief by injunction should be accorded the injured trademark owner even though his laches be so great as to bar an accounting.

• • • • •

Moreover, the decision of the Court below is in conflict with the decision of this Court in *Southern Pine Lumber Co.* v. *Ward*, 208 U. S. 126, 140, 141. There the defendants, claiming title under attachment proceedings, not only denied plaintiff's title, but by cross-petition asserted a right to affirmative relief, seeking an adjudication of the validity of their title and a cancellation of the deed upon which plaintiff relied. This Court, speaking through Mr. Justice White, held that the defendants were estopped to urge plaintiff's laches.

In the case at bar, respondent by its counterclaims (253a) asserted a right to affirmative relief and sought an adjudication that petitioner had infringed upon respondent's trademark and that petitioner's trademark registrations should be cancelled.

The Court below brushed aside this Court's decision in *Southern Pine* because (a) it was not a trademark action, (b) it was decided before the adoption of F. R. Civ. Proc. 8(c)(2), and elected to follow its own decision in *Landers, Frary & Clark* v. *Universal Cooler Corp.*, 85 F. 2d 46, to bar both parties from relief under circumstances similar

[3] See also *United Drug Co.* v. *Rectanus*, 248 U.S. 90, 102 (1918).

to those in *Southern Pine*, a decision which it characterized as "far more sensible" than that reached in *Southern Pine*.

We respectfully urge that the question is not whether the respondent may plead inconsistent claims and defenses, but whether it is inequitable for respondent simultaneously to seek such affirmative relief under its compulsory counterclaims as it here sought, and to urge laches as a defense against petitioner's claim.

In *Holmberg* v. *Armbrecht*, 327 U. S. 392 (1946), this Court held that laches was not merely a matter of time but was principally a question of the inequity of permitting the claim to be enforced, and pointed out that conduct on the part of the defendant might "make it unfair to bar appeal to equity because of mere lapse of time" (p. 396).

We respectfully submit that what this Court said in *Southern Pine* was that a defendant who seeks such affirmative relief as respondent is here seeking is pursuing a course of conduct which makes unfair any attempt by respondent to bar petitioner from the relief it sought because of mere lapse of time.

II.

The decision of the court below is irreconcilable with decisions of the Courts of Appeals in the First, Seventh, Eighth and Ninth Circuits.

The First Circuit, in *Grove Laboratories, Inc.* v. *Brewer & Co.*, 103 F. 2d 175 (1939), citing *McLean*, *Menendez*, *Saxlehner* and *Hanover*, held that, where the defendants adopted their labels with knowledge of the plaintiff's rights, relief by injunction would be accorded despite laches.

The Seventh Circuit, in *Independent Nail & Packing Co.* v. *Stronghold Screw Products, Inc.*, 205 F. 2d 921 (1953), and in *A. E. Staley Mfg. Co.* v. *Staley Milling Co.*, 253 F. 2d 269 (1958), has held that a defendant who adopts a mark with knowledge of the plaintiff's prior mark does so at its peril and that laches does not affect the right to an injunction, especially where the defendant's conduct and its invasion of the plaintiff's field or fields can be characterized as a gradual and progressive encroachment.[4]

The Eighth Circuit, in *Layton Pure Food Co.* v. *Church & Dwight Co.*, 182 F. 35 (1910), held that only when plaintiff by its delay has lost its trademark through abandonment will it be denied injunctive relief.

The Ninth Circuit has held that where the defendant had knowledge of the plaintiff and its mark, once infringement is established, an injunction is proper, even where the plaintiff is guilty of inexcusable laches, *Stork Restaurant, Inc.* v. *Sahati*, 166 F. 2d 348 (1948); *Safeway Stores, Inc.* v. *Dunnell*, 172 F. 2d 649 (1949).

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[4] On the question of progressive encroachment, see also the decision of the Tenth Circuit Court of Appeals in *Standard Oil Co.* v. *The Standard Oil Co.*, 252 F.2d 65 (1958), affirming 141 F. Supp. 876 (D.C. Wy., 1956).

III.

This case presents important questions of federal trademark law which have not been, but should be, decided by this Court.

This case presents two related questions of great importance, not only to the parties but to the entire business community: the extent of protection against infringement accorded the owner of a federally registered trademark by Section 32(1)(a) of the Lanham Act (15 U. S. C., Section 1114(1)); and the correct application of the defense of laches to a situation in which the defendant applies the infringing mark to goods in part (a) competitive, (b) not directly competitive but closely related, and (c) not closely related to goods on which plaintiff has previously used its trademark.

This Court has not as yet passed upon either of these questions.

One of the purposes of the Lanham Act was to remedy constructions of the prior Trademark Acts which in several instances obscured and perverted their original purpose. It was hoped that the confusion which had arisen under the Trademark Act of 1905, which provided that relief was to be granted a trademark owner when the marks were confusingly similar and were used on goods of the same descriptive properties, would be resolved by the substitution of the requirement in Section 32(1)(a) of the Lanham Act of the test of likelihood of confusion as to the source of origin of the goods. However, instead of resolving the confusion, Section 32(1)(a) has given rise to a great difference of opinion as to the extent of protection to be accorded the owner of a registered trademark.

Some circuits have accepted the literal test of the statute and awarded relief on a finding of confusion as to source

or origin, regardless of whether the parties are actual or potential competitors:

> *Sears, Roebuck & Co.* v. *Johnson*, 219 F. 2d 590 (3 Cir., 1955);
> *Pure Foods, Inc.* v. *Minute Maid Corp.*, 214 F. 2d 792 (5 Cir., 1954);
> *Time, Inc.* v. *Life Television Corp.*, 123 F. Supp. 470 (D. C. Minn., 1954);
> *Safeway Stores, Inc.* v. *Dunnell*, 172 F. 2d 649 (9 Cir., 1949);
> *Stork Restaurant, Inc.* v. *Sahati*, 166 F. 2d 348 (9 Cir., 1948).

The Seventh Circuit has adopted a narrow construction of the statute and limited protection to substantially identical goods, in effect applying the literal test of the 1905 Act:

> *California Fruit Growers Exchange* v. *Sunkist Baking Co.*, 166 F. 2d 971 (1947);
> *Philco Corp.* v. *F. & B. Mfg. Co.*, 170 F. 2d 958 (1948).

Decisions within the Second Circuit alone have produced so many varying interpretations of the infringement provisions of the Lanham Act that, as the Court of Appeals acknowledged in the instant case:

> "The problem of determining how far a valid trademark shall be protected with respect to goods other than those to which its owner has applied it, has long been vexing and does not become easier of solution with the years" (Appendix A, p. 30).[5]

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[5] Judge Clark, commenting on the conflict within the Second Circuit and the need for Supreme Court clarification, has attributed a plaintiff's chances of success to the luck of the assignment calendar. *Hyde Park Clothes, Inc.* v. *Hyde Park Fashions, Inc.*, 204 F.2d 223 (1953—dissenting opinion).

The Second Circuit, following its earlier decision in *S. C. Johnson & Son, Inc.* v. *Johnson*, 175 F. 2d 176 (1949), has recently prescribed as a requisite to the granting of relief on closely related but non-competing goods a showing either of a likelihood of actual competition in the future, i.e., that the prior user has demonstrated an intention to exploit the newcomer's field, or a likelihood of injury to the prior user's business reputation arising from the inferiority of the newcomer's goods. *Avon Shoe Co., Inc.* v. *David Crystal, Inc.*, 279 F. 2d 607 (1960). This prevailing current view of the Second Circuit represents a considerable departure from and conflict with its decision in *Aunt Jemima Mills Co.* v. *Rigney & Co.*, 247 F. 407 (1917), in which it accepted confusion of source as the basis for trademark infringement.[6] The District Court below interpreted Section 32(1)(a) of the Lanham Act to require actual product competition. The Court of Appeals suggested a more liberal interpretation than the strict requirement of product competition and said that:

> "Where the products are different, the prior owner's chance of success is a function of many variables: the strength of his mark, the degree of similarity between the two marks, the proximity of the products, the likelihood that the prior owner will bridge the gap, actual confusion, and the reciprocal of defendant's good faith in adopting its own mark, the quality of defendant's product, and the sophistication of the buyers" (Appendix A, p. 30).

Neither Court, however, applied the test of confusion of source of origin which the statute itself prescribes.

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[6] The confusion of source test was followed and applied by the Second Circuit in *Yale Electric Corp.* v. *Robertson*, 26 F.2d 972, *L. E. Waterman Co.* v. *Gordon*, 72 F.2d 272, *Standard Brands, Inc.* v. *Smidler*, 151 F.2d 34 (1945), and *Triangle Publications, Inc.* v. *Rohrlich*, 167 F.2d 969.

The importance of an authoritative interpretation by this Court of the test of trademark infringement prescribed in the statute, which is invoked in all infringement actions brought by owners of federally registered trademarks, has already been demonstrated. In the only trademark case accepted by it since passage of the Lanham Act, this Court, which determined none of the questions here presented by petitioner, characterized the Act as "complex and controversial", *Steele* v. *Bulova Watch Co.*, 344 U. S. 280 (1952). Since the enactment of the Lanham Act there have been numerous articles in law reviews and by commentators urging that this Court interpret the infringement and remedy provisions of the Act.[7]

The Court below, while refusing to rule on the issue of infringement, suggested a classification of respondent's products into several groups (Appendix A, pp. 31, 36), and said (a) that if it were to decide the question of infringement, it would probably find that as to microwave apparatus the goods of the parties are so distinct that there would be no likelihood of confusion and hence no infringement (Appendix A, p. 31); (b) that as to television apparatus the goods are so related that petitioner might have obtained injunctive relief but for its laches (Appendix A, pp. 31-32); (c) that as to photographic and optical goods, if respondent moves into these or related fields, petitioner might then seek an injunction and different considerations as to laches as well as on the merits would apply (Appendix A, p. 36); and (d) as to other products, such as bicycle headlights and other consumer products which respondent commenced selling shortly before suit was brought and dis-

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[7] Lunsford, "Trademark Infringement and Confusion of Source: Need for Supreme Court Action", 35 Va. L. Rev. 214; Lunsford, "The Lanham Trademark Act—Conflict and Dissent", 43 T.M. Rep. 995; Deering, "Trademarks on Non-Competitive Products", 36 Ore. L.Rev. 1; Derenberg, "Ninth Year of Administration of the Lanham Trademark Act of 1946", 46 T.M. Rep. 1017.

continued three years later (two years after the complaint was filed), its "decision is not to be understood as dealing with plaintiff's rights if defendant should resume, or begin, activity along any of these lines" (Appendix A, p. 31).

This case, which thus includes products in competition, products which are related though not competing and products held to be so different as not to be in any way related, provides this Court with perhaps a unique opportunity to set forth for the business community at large and for present and future trademark owners and users how this important and confused provision of the federal trademark law should be construed.

The Court below, in affirming the judgment of the District Court on the sole ground of petitioner's laches, distinguished this Court's decisions in *McLean* v. *Fleming*, 96 U. S. 245, and *Menendez* v. *Holt*, 128 U. S. 514, on the ground that those cases involved only competing or substantially identical goods and are not applicable to a situation such as here presented, where respondent has gradually encroached upon petitioner's fields of activity. Such a distinction gives rise to important questions as to the rights and obligations of the trademark owner and the newcomer under the Lanham Act which should be settled by this Court.

Is the owner of a registered trademark required to move promptly against someone who first uses the mark on noncompeting and unrelated goods, where the subsequent use of the mark on different and more closely related goods might give rise to confusion as to the source of origin of the products? Is a newcomer who adopts a closely similar mark with knowledge of the trademark owner's prior use under any duty to ascertain the full extent of the owner's use or to determine if the owner has any objection to the newcomer's use?

These are questions which are of great importance to the world of commerce today where the pattern and tendency are toward increased product and industry diversification. If businessmen are certainly entitled to know when they are committing an infringement", as Mr. Justice Black recently said in his concurring opinion in *Aro Mfg. Co., Inc.* v. *Convertible Top Placement Co.*, —— U. S. —— (1961), 81 S. Ct. 599, 611, something which incidentally has been denied both petitioner and respondent here, so equally should they be entitled to know the extent of the burden on a newcomer to avoid a clash with the rights of a prior user and the extent of the obligation of a trademark owner to take action against a use which poses a prospective threat of infringement.

In *Clair* v. *Kastar, Inc.*, 148 F. 2d 644 (2 Cir., 1945), the Court below, in dismissing a defense of laches in a patent infringement action, imposed at least an equal duty upon the infringer to ascertain his rights, saying:

> ". . . if a manufacturer fears that he will be charged to infringe, he can always inquire of the patentee, and if the answer is unsatisfactory, he can bring an action for a declaratory judgment." (p. 646)

The Court below has non-suited petitioner because of laches, and has held petitioner obligated to move promptly and while respondent's business was still small, even when the goods of the parties were non-competitive; and yet with respect to more closely related products (bicycle headlights and other consumer products), where petitioner brought suit within a year from respondent's first sale, it has non-suited petitioner because two years after suit was brought respondent abandoned such use. On the one hand the Court below denies relief to petitioner as to one class of goods because it delayed taking action until respondent's business expanded and the likelihood of con-

fusion became apparent, while at the same time, as to another class of goods against which petitioner acted promptly, it denies relief because the business of respondent in this class was small, did not expand and was discontinued after three years.

Where such inconsistent results are reached, it is apparent that some authoritative interpretation is required of the remedy provisions of the Lanham Act and the applicability thereto of the defense of laches.

IV.

The determination of the court below, in sustaining the defense of laches while expressly refusing to decide the issue as to respondent's infringement, violates the prohibition against the decision of hypothetical questions and the rendition of advisory opinions.

The judgment of the District Court (Appendix C), affirmed by the Court below (Appendix B), not only dismisses petitioner's complaint but recites that respondent has neither infringed upon any of petitioner's trademark registrations nor competed unfairly with petitioner. The Court below based its affirmance solely upon a finding that petitioner was chargeable with such laches as would bar relief (Appendix A, p. 32). Since there can be no laches where there has been no cause of action, the judgment as affirmed fails to conform to the finding of the Court below and violates the requirement that the judgment or decree conform to the verdict or findings, 49 C. J. S., Judgments, Section 55.

The entry of a proper judgment in the case at bar is at least as important to petitioner as was the entry of a proper decree in *Electrical Fittings Corp.* v. *Thomas & Betts Co.*, 307 U. S. 241 (1939). If petitioner here was properly non-suited because of its laches, then the recita-

tion in the judgment that respondent has neither infringed nor unfairly competed is surplusage, as was the holding of patentability in *Electrical Fittings Corp.*, for it is not necessary to a disposition of the case.

When the Court below refused to determine whether respondent was an infringer, there was no basis for finding that petitioner's laches constituted a bar. Laches is an affirmative defense and only a finding of infringement will support the further finding of laches. The opinion of the Court below thus violates the prohibition against the decision of hypothetical questions and advisory opinions. *Alabama State Federation of Labor* v. *McAdory*, 325 U. S. 450, 461 (1945); *Electrical Fittings Corp.* v. *Thomas & Betts Co.*, 307 U. S. 241.

It is of great importance, not only to the parties, but to other manufacturers similarly situated, to know whether petitioner has been non-suited because it never had a cause of action or because it lost an enforceable right by failing to act soon enough.

CONCLUSION

Petitioner prays that a writ of certiorari issue to the United States Court of Appeals for the Second Circuit to review its judgment.

Respectfully submitted,

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APPENDIX A

UNITED STATES COURT OF APPEALS

FOR THE SECOND CIRCUIT

No. 162—October Term, 1960.

(Argued January 17, 1961 Decided February 28, 1961.)

Docket No. 26460

POLAROID CORPORATION,

Plaintiff-Appellant,

—v.—

POLARAD ELECTRONICS CORPORATION,

Defendant-Appellee.

Before:

MEDINA, FRIENDLY and SMITH,

Circuit Judges.

Appeals by plaintiff and defendant from a judgment of the District Court for the Eastern District of New York, Rayfiel, *J.*, 182 F. Supp. 350, dismissing plaintiff's complaint and defendant's counterclaims in an action alleging infringement of United States and New York registered trademarks and unfair competition. Defendant has withdrawn its cross-appeal. Judgment affirmed on plaintiff's appeal.

DONALD L. BROWN, Cambridge, Mass. (Silver, Saperstein & Barnett, and Isaac M. Barnett, New York, N. Y., Tracy R. V. Fike, Scarsdale, N. Y. and Herbert S. Kassman, Cambridge, Mass. on the brief), *for Plaintiff-Appellant.*

MORRIS RELSON, New York, N. Y. (Darby & Darby and Howard C. Miskin, New York, N. Y. on the brief), *for Defendant-Appellee.*

FRIENDLY, *Circuit Judge*:

Plaintiff, Polaroid Corporation, a Delaware corporation, owner of the trademark Polaroid and holder of 22 United States registrations thereof granted between 1936 and 1956 and of a New York registration granted in 1950, brought this action in the Eastern District of New York, alleging that defendant's use of the name Polarad as a trademark and as part of defendant's corporate title infringed plaintiff's Federal and state trademarks and constituted unfair competition. It sought a broad injunction and an accounting. Defendant's answer, in addition to denying the allegations of the complaint, sought a declaratory judgment establishing defendant's right to use Polarad in the business in which defendant was engaged, an injunction against plaintiff's use of Polaroid in the television and electronics fields, and other relief. Judge Rayfiel, in an opinion reported in 182 F. Supp. 350 (1960), dismissed both the claim and the counterclaims, concluding that neither plaintiff nor defendant had made an adequate showing with respect to confusion and that both had been guilty of laches. Both parties appealed but defendant has withdrawn its cross-appeal. We find it unnecessary to pass upon Judge Rayfiel's conclusion that defendant's use

of Polarad does not violate any of plaintiff's rights. For we agree that plaintiff's delay in proceeding against defendant bars plaintiff from relief so long as defendant's use of Polarad remains as far removed from plaintiff's primary fields of activity as it has been and still is.

The name Polaroid was first adopted by plaintiff's predecessor in 1935. It has been held to be a valid trade-mark as a coined or invented symbol and not to have lost its right to protection by becoming generic or descriptive. *Marks* v. *Polaroid Corp.*, 129 F. Supp. 213 (D. Mass. 1955). Polaroid had become a well known name as applied to sheet polarizing material and products made therefrom, as well as to optical desk lamps, stereoscopic viewers, etc., long before defendant was organized in 1944. During World War II, plaintiff's business greatly expanded, from $1,032,000 of gross sales in 1941 to $16,752,000 in 1945, due in large part to government contracts. Included in this government business were three sorts on which plaintiff particularly relies, the sale of Schmidt corrector plates, an optical lens used in television; research and development contracts for guided missiles and a machine gun trainer, both involving the application of electronics; and other research and development contracts for what plaintiff characterizes as "electro-optical devices employing electronic circuitry in combination with optical apparatus." In 1947 and 1948 plaintiff's sales declined to little more than their pre-war level; the tremendous expansion of plaintiff's business, reaching sales of $65,271,000 in 1958, came after the development of the Land camera in 1948.

Defendant was organized in December, 1944. Originally a partnership called Polarad Electronics Co., it was converted in 1948 into a New York corporation bearing the name Polarad Television Corp., which was changed a year later to Polarad Electronics Corp. Its principal business has been the sale of microwave generating, receiving and

measuring devices and of television studio equipment. Defendant claimed it had arrived at the name Polarad by taking the first letters of the first and last names of its founder, Philip Odessey, and the first two letters of the first name of his friend and anticipated partner, Larry Jaffe, and adding the suffix "rad," intended to signify radio; however, Odessey admitted that at the time he had "some knowledge" of plaintiff's use of the name Polaroid, although only as applied to glasses and polarizing filters and not as to electronics. As early as November, 1945, plaintiff learned of defendant; it drew a credit report and had one of its attorneys visit defendant's quarters, then two small rooms; plaintiff made no protest. By June, 1946, defendant was advertising television equipment in "Electronics"—a trade journal. These advertisements and other notices with respect to defendant came to the attention of plaintiff's officers; still plaintiff did nothing. In 1950, a New York attorney who represented plaintiff in foreign patent matters came upon a trade show display of defendant's television products under the name Polarad and informed plaintiff's house counsel; the latter advised plaintiff's president, Dr. Land, that "the time had come when he thought we ought to think seriously about the problem." However, nothing was done save to draw a further credit report on defendant, although defendant's sales had grown from a nominal amount to a rate of several hundred thousand dollars a year, and the report related, as had the previous one, that defendant was engaged "in developing and manufacturing equipment for radio, television and electronic manufacturers throughout the United States." In October, 1951, defendant, under its letterhead, forwarded to plaintiff a letter addressed to "Polarad Electronics Corp." at defendant's Brooklyn address, inquiring in regard to "polaroid material designed for night driving"; there was no protest by plaintiff. In

1953, defendant applied to the United States Patent Office for registration of its trademark Polaraid for radio and television units and other electronic devices; in August, 1955, when this application was published in the Official Gazette of the Patent Office, plaintiff for the first time took action by filing a notice of opposition, which was overruled by the Examiner in April, 1957. Still plaintiff delayed bringing suit until late 1956. Through all this period defendant was expending considerable sums for advertising and its business was growing—employees increasing from eight in the calendar year 1945 to 530 in the year ended June 30, 1956, fixed assets from $2,300 to $371,800, inventories from $3,000 to $1,547,400, and sales from $12,000 to $6,048,000.

Conceding that the bulk of its business is in optics and photography, lines not pursued by defendant, plaintiff nevertheless claims to be entitled to protection of its distinctive mark in at least certain portions of the large field of electronics. Plaintiff relies on its sales of Schmidt corrector plates, used in certain types of television systems, first under government contracts beginning in 1943 and to industry commencing in 1945; on its sale, since 1946, of polarizing television filters, which serve the same function as the color filters that defendant supplies as a part of the television apparatus sold by it; and, particularly, on the research and development contracts with the government referred to above. Plaintiff relies also on certain instances of confusion, predominantly communications intended for defendant but directed to plaintiff. Against this, defendant asserts that its business is the sale of complex electronics equipment to a relatively few customers; that this does not compete in any significant way with plaintiff's business, the bulk of which is now in articles destined for the ultimate consumer; that plaintiff's excursions into electronics are insignificant in the light of the

size of the field; that the instances of confusion are minimal; that there is no evidence that plaintiff has suffered either through loss of customers or injury to reputation, since defendant has conducted its business with high standards; and that the very nature of defendant's business, sales to experienced industrial users and the government, precludes any substantial possibility of confusion. Defendant also asserts plaintiff's laches to be a bar.

The problem of determining how far a valid trademark shall be protected with respect to goods other than those to which its owner has applied it, has long been vexing and does not become easier of solution with the years. Neither of our recent decisions so heavily relied upon by the parties, *Harold F. Ritchie, Inc.* v. *Chesebrough-Pond's, Inc.*, 281 F. 2d 755 (2 Cir. 1960) by plaintiff, and *Avon Shoe Co., Inc.* v. *David Crystal, Inc.*, 279 F. 2d 607 (2 Cir. 1960) by defendant, affords much assistance, since in the *Ritchie* case there was confusion as to the identical product and the defendant in the *Avon* case had adopted its mark "without knowledge of the plaintiffs' prior use," p. 611. Where the products are different, the prior owner's chance of success is a function of many variables: the strength of his mark, the degree of similarity between the two marks, the proximity of the products, the likelihood that the prior owner will bridge the gap, actual confusion, and the reciprocal of defendant's good faith in adopting its own mark, the quality of defendant's product, and the sophistication of the buyers. Even this extensive catalogue does not exhaust the possibilities—the court may have to take still other variables into account. American Law Institute, Restatement of Torts, §§729, 730, 731. Here plaintiff's mark is a strong one and the similarity between the two names is great, but the evidence of actual confusion, when analyzed, is not impressive. The filter seems to be the only case where defendant has sold, but not manu-

factured, a product serving a function similar to any of plaintiff's, and plaintiff's sales of this item have been highly irregular, varying, e.g., from $2,300 in 1953 to $303,000 in 1955, and $48,000 in 1956.[1]

If defendant's sole business were the manufacture and sale of microwave equipment, we should have little difficulty in approving the District Court's conclusion that there was no such likelihood of confusion as to bring into play either the Lanham Act, 15 U. S. C. § 1114(1), or New York General Business Law, § 368-b, or to make out a case of unfair competition under New York decisional law, see *Avon Shoe Co.* v. *David Crystal, Inc.*, *supra*, at 614, fn. 11. What gives us some pause is defendant's heavy involvement in a phase of electronics that lies closer to plaintiff's business, namely, television. Defendant makes much of the testimony of plaintiff's executive vice president that plaintiff's normal business is "the interaction of light and matter." Yet, although television lies predominantly in the area of electronics, it begins and ends with light waves. The record tells us that certain television uses were among the factors that first stimulated Dr. Land's interest in polarization, see *Marks* v. *Polaroid Corporation*, *supra*, at 246, plaintiff has manufactured and sold at least two products for use in television systems, and defendant's second counterclaim itself asserts likelihood of confusion in the television field. We are thus by no means sure that, under the views with respect to trade-

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[1] Even the high figure, in 1955, amounted to little more than 1% of plaintiff's business.

Plaintiff also cites defendant's sale of bicycle headlights and other consumer products and defendant's patents for a radio automatic vehicle guidance system and an electronic auto headlight dimmer. However, the former business, conducted through a separate division, has been abandoned, and exploitation of the patents has not been instituted. Our decision is not to be understood as dealing with plaintiff's rights if defendant should resume, or begin, activity along any of these lines.

mark protection announced by this Court in such cases as *Yale Electric Corp.* v. *Robertson*, 26 F. 2d 972 (1928) [locks vs. flashlights]; *L. E. Waterman Co.* v. *Gordon*, 72 F. 2d 272 (1934) [mechanical pens and pencils vs. razor blades]; *Triangle Publications, Inc.* v. *Rohrlich*, 167 F. 2d 969, 972 (1948) [magazines vs. girdles]; and *Admiral Corp.* v. *Penco, Inc.*, 203 F. 2d 517 (1953) [radios, electric ranges and refrigerators vs. sewing machines and vacuum cleaners], plaintiff would not have been entitled to at least some injunctive relief if it had moved with reasonable promptness. However, we are not required to decide this since we uphold the District Court's conclusion with respect to laches.

Plaintiff endeavors to answer that claim on three grounds: (1) That defendant is barred from advancing the claim because defendant sought affirmative relief; (2) that the doctrine of laches does not apply in trademark and unfair competition cases insofar as the complaint seeks an injunction rather than damages; and (3) that the defense is not made out on the facts. We find no merit in any of these contentions.

(1) Plaintiff's first position rests upon a remark, quoted in the margin,[2] given as an alternative ground of decision in *Southern Pine Lumber Co.* v. *Ward*, 208 U. S. 126, 140-41 (1908). Mr. Justice White does not explain what "in the nature of things" prevented the defendants there from asserting both that the attachment under which their title arose was valid and that in any event plaintiff was barred

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2 "Besides, the contention as to laches disregards the considerations which in the nature of things must arise, when it is borne in mind that the defendants, who claimed title under the attachment proceedings, did not rest content with defending their alleged title, but made that title the base of an assertion of right to affirmative relief, since they substantially, by cross-petition, invoked such relief to maintain the validity of their title, and to obtain a cancellation of the trust deed upon which Ward relied."

by laches from attacking it. To be sure, when both parties are aggrieved by the same facts and these became known to both at the same time, a defendant's demand for affirmative relief may be logically inconsistent with a claim on his part that the plaintiff is barred by laches from making a similar demand, see, e.g., *Steenberg* v. *Kapsen*, 229 Minn. 300, 39 N. W. 2d 18 (1949); *Charleston Library Society* v. *Citizens & Southern Nat. Bank*, 201 S. C. 447, 23 S. E. 2d 362 (1942), although even in such a case it would seem that the effect was merely evidentiary and that a defendant ought not be precluded from taking alternative positions, F. R. Civ. Proc. 8(e)(2). Moreover, here the circumstances as to the two parties are not parallel. Plaintiff seeks to prevent defendant's use of Polarad in the very areas where that name had been used to plaintiff's knowledge since 1946 or at least since 1950. In contrast, defendant makes no objection to plaintiff's use of Polaroid in the areas of optics and photography which, so far as defendant knew until the Patent Office interference in 1955, were the only fields where plaintiff employed it. So far as our research has disclosed, the statement in *Southern Pine* has not been applied by Federal courts in trademark and unfair competition cases; on the contrary, where both sides failed to press their claims after knowledge of the facts, this Court has reached the conclusion, seemingly far more sensible, that both were barred, rather than that defendant had waived the defense by seeking cross-relief to which it was not entitled, *Landers, Frary & Clark* v. *Universal Cooler Corp.*, 85 F. 2d 46 (2 Cir. 1936). Of the state cases cited by appellant only *Bagby* v. *Blackwell*, 240 Mo. App. 574, 211 S. W. 2d 69 (1948), lies in the trademark and unfair competition field; we do not find it persuasive. The statement in *Southern Pine* seems to us to have been undermined even on its own facts by the provision in F. R. Civ. Proc. 8(e)(2) that "A party may also

state as many separate claims or defenses as he has regardless of consistency * * *" *A fortiori* do we deem the statement inapplicable where, as here, the plaintiff had long known the circumstance underlying its demand for relief but defendant had not known those relating to its more limited counterclaim.

(2) For its second ground appellant relies on the statement in *Menendez* v. *Holt*, 128 U. S. 514, 523 (1888), that "Mere delay or acquiescence cannot defeat the remedy by injunction in support of the legal right unless it has been continued so long and under such circumstances as to defeat the right itself." It contends that such defeat can come only from conduct, such as in *Landers, Frary & Clark* v. *Universal Cooler Corp.*, *supra* at 49, giving a defendant justification for concluding that plaintiff had no objection to defendant's using its name. See *McLean* v. *Fleming*, 96 U. S. 245 (1877). However, the portion of the opinion in *Saxlehner* v. *Eisner & Mendelson Co.*, 179 U. S. 19 (1900), also relied on by appellant, which upheld the defense of laches with respect to the word "Hunyadi," indicated that *Menendez* v. *Holt* does not go so far as appellant claims, even when a portion of the marks and the products are identical. We need not explore just where the boundaries lie in such a case, for the *Landers, Frary & Clark* opinion itself and, even more clearly, *Emerson Electric Manufacturing Co.* v. *Emerson Radio & Phonograph Corp.*, 105 F. 2d 908 (2 Cir. 1939) and *Dwinell-Wright Co.* v. *White House Milk Co.*, 132 F. 2d 822, 824-25 (2 Cir. 1943), show the doctrine has no such reach as claimed when, as here, the goods are different. The distinctions are developed in Judge Learned Hand's classic opinion in *Dwinell-Wright*, where he explained that the *Menendez* rule applies only when "a newcomer invades another's market by the use of the other's mark," since then "every sale is a separate wrong." "If however the

question comes up, not when the newcomer is actually competing in the owner's market, but * * * is selling goods which the owner has never sold, though they are like enough to make people think him their source, the determining considerations are different. The owner's only interest in preventing such a use of his mark is because he may wish to preempt the market for later exploitation, or not to expose his reputation to the hazard of the newcomer's business practice, or both * * * Here, as often, equity does not seek for general principles but weighs the opposed interests in the scales of conscience and fair dealing * * * The owner's rights in such appendant markets are easily lost; they must be asserted early, lest they be made the means of reaping a harvest which others have sown."

(3) The previous summary of the facts shows how far plaintiff came from meeting this rigorous test. Plaintiff seeks to excuse its early inactivity on the ground that defendant's sales were small. But that is the very time when the owner of a mark ought forcefully to claim protection; "the scales of conscience and fair dealing" will tip far more readily for a plaintiff when a defendant will suffer little disadvantage by changing to another name. See *Valvoline Oil Co.* v. *Havoline Oil Co.*, 211 Fed. 189, 195 (S. D. N. Y. 1913). Moreover, even if plaintiff's inaction in 1945 and 1946 could be excused on the basis that defendant's activities were *de minimis* and that plaintiff might reasonably have expected defendant to fall by the wayside, an issue which we do not decide, the situation had surely changed by the year ended June 30, 1951, when defendant made $192,000 in catalog sales and $356,000 in sales under military contracts. Plaintiff would have us disregard the latter on the issue of its laches—just why we are not told—although it relies heavily on confusion by Federal purchasing agencies as part of its case on the merits. Plaintiff

concedes that by 1952 defendant "had expanded its business from the design and construction of special apparatus on order, to include the manufacture and sale of television and other devices operable throughout the entire radio frequency band"; but plaintiff waited another four years before bringing suit. We find nothing to support plaintiff's assertion that defendant has further encroached on plaintiff's field since 1953; to be sure, defendant has trebled its business but not by moving away from its traditional area and into plaintiff's. As said in *Valvoline Oil Co.* v. *Havoline Oil Co., supra*, at 195, "it cannot be equitable for a well-informed merchant with knowledge of a claimed invasion of right, to wait to see how successful his competitor will be and then destroy with the aid of a court decree, much that the competitor has striven for and accomplished—especially in a case where the most that can be said is that the trademark infringement is a genuinely debatable question." True, what the court regarded as debatable there was the confusing qualities of the names rather than, as here, the identity of the product; but the principle applies with at least the same force. If defendant should move into new territory more closely related to optics and photography, different considerations as to laches as well as on the merits will, of course, apply.

Judgment affirmed.

APPENDIX B

UNITED STATES COURT OF APPEALS

FOR THE SECOND CIRCUIT

At a Stated Term of the United States Court of Appeals, in and for the Second Circuit, held at the United States Courthouse in the City of New York, on the twenty-eighth day of February one thousand nine hundred and sixty-one.

Present:

HON. HAROLD R. MEDINA,
HON. HENRY J. FRIENDLY,
HON. J. JOSEPH SMITH,
[illegible] *Circuit Judges.*

[illegible]

[illegible]ORPORATION,
POLAROID CO[illegible] *Plaintiff-Appellant,*

—v.—

[illegible]NICS CORPORATION,
POLARAD ELECTRONI[illegible] *Defendant-Cross Appellee.*

[illegible]tates District Court for the Eastern District of New York.

This cause came on to be h[illegible] District Court for the Eastern District of New York, and was argued by counsel.

[illegible], it is now hereby ordered,

ON CONSIDERATION WHEREOF, [illegible]e judgment of said District Court be and it hereby is affir[illegible]rmed; with costs to the defendant-appellant.

adjudged, and decreed that the

A. DANIEL FUSARO
Clerk

A true copy,
A. DANIEL FUSARO
Clerk

APPENDIX C

UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF NEW YORK

Civil Action No. 17,132

POLAROID CORPORATION,

Plaintiff,

—v.—

POLARAD ELECTRONICS CORPORATION,

Defendant.

FINAL JUDGMENT

This cause having been considered by this Court upon the pleadings and evidence presented on trial and upon briefs by counsel for the parties and upon the findings of fact and conclusions of law set forth in the opinion of the Court dated March 29, 1960, it is ORDERED, ADJUDGED and DECREED THAT:

1. This Court has jurisdiction over the subject matter hereof and the parties hereto.

2. The complaint herein is dismissed as to all counts.

3. a) defendant Polarad Electronics Corporation has not infringed any of plaintiff Polaroid Corporation's United States trademark registrations Nos.

337,404	398,917	540,179
388,047	399,122	579,986
388,251	399,329	588,350
388,721	404,054	604,829
388,722	422,100	605,134
391,449	423,776	607,263
394,030	426,802	208,297 (sic)
		621,256

or plaintiff's New York registration dated October 9, 1950.

b) defendant Polarad Electronics Corporation has not competed unfairly with plaintiff Polaroid Corporation.

c) defendant's trademark "Polarad" and trade name "Polarad Electronics Corporation" as used in defendant's business are declared (i) to have caused no, and to be not likely to cause any, confusion or mistake or to deceive purchasers as to the source or origin of defendant's goods or services, (ii) not to have injured and to be not likely to injure plaintiff's business reputation, (iii) not to have diluted and to be not likely to dilute any distinctive quality of plaintiff's trademark or trade name, and

d) defendant is declared to have no liability to plaintiff for any use of defendant's trademark "Polarad" and trade name "Polarad Electronics Corporation."

5. (sic) Defendant's counterclaims are dismissed.

6. (sic) No costs are awarded herein.

LEO F. RAYFIEL.
United States District Judge

Entered at Brooklyn, New York
May 6, 1960.

APPENDIX D

STATUTES INVOLVED

Trademark Act of 1946, U. S. C., Title 15, Section 1114 (1):

"(1) Any person who shall, in commerce, (a) use, without the consent of the registrant, any reproduction, counterfeit, copy, or colorable imitation of any registered mark in connection with the sale, offering for sale, or advertising of any goods or services on or in connection with which such use is likely to cause confusion or mistake or to deceive purchasers as to the source of origin of such goods or services; * * * shall be liable to a civil action by the registrant for any or all of the remedies hereinafter provided in this chapter, * * *"

New York General Business Law, Section 368-(b):

"Infringement. Subject to the provisions of section three hundred sixty-eight-d hereof any person who shall

(a) use, without the consent of the registrant, any reproduction, counterfeit, copy or colorable imitation of a trade-mark registered under this article in connection with the sale, offering for sale, or advertising of any goods on or in connection with which such use is likely to cause confusion or mistake or to deceive as to the source or origin of such goods; * * * shall be liable to a civil action by the owner of such registered trademark for any or all of the remedies provided in section three hundred sixty-eight-c hereof, * * *"

New York General Business Law, Subdivision 3 of Section 368-(c):

> "Likelihood of injury to business reputation or dilution of the distinctive quality of a trade name or trademark shall be a ground for injunctive relief in cases of trade-mark infringement or unfair competition, notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services."

FILED
JUN 23 1961
JAMES R. BROWNING, Clerk

IN THE

Supreme Court of the United States

October Term, 1960

No. 116

POLAROID CORPORATION,

Petitioner,

—v.—

POLARAD ELECTRONICS CORPORATION,

Respondent.

BRIEF OF RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

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IN THE

Supreme Court of the United States

October Term, 1960

No. 999

POLAROID CORPORATION,

Petitioner,

—v.—

POLARAD ELECTRONICS CORPORATION,

Respondent.

BRIEF OF RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

To the Honorable Chief Justice of the United States and the Associate Justices of the Supreme Court of the United States:

This is an ordinary trademark infringement suit.* There has been no diversity of opinion in the Courts below. The District Court dismissed the complaint in an eighteen-page

---

* Initially, this suit also included a count for unfair competition (Pet. 7), apparently abandoned here by petitioner. Since that count was based upon the same facts as the infringement count, it is difficult to see how, in the absence of trademark infringement being can be any trademark infringement, trade of unfair competition, there merely a species of unfair competition. *Hanover Star Milling Co.* v. *Metcalf*, 240 U. S. 403, 413 (1916); *United Drug Co.* v. *Rectanus Co.*, 248 U. S. 90, 97 (1918).

opinion (299a).* The Court of Appeals unanimously affirmed dismissal in a twelve-page printed opinion (Pet. 25-36). No unusual question of law or fact is involved. No reason exists for the intervention of this court.

I

QUESTIONS PRESENTED (PET. 2-3)

The "Questions Presented" by petitioner are essentially hypothetical. They fail to reflect accurately or completely the facts of this case.

Question 1

This question is not present in this case for at least six reasons:

a. It fails to state that respondent's adoption of its mark and name was in good faith, and without knowledge of any use of petitioner's mark or name in any business resembling that begun by respondent (Pet. 28, 33).

b. Petitioner *assumes* without factual basis, that respondent's trademark is "likely to cause confusion as to the source of origin of the goods with which it is used." The U. S. Patent Office and the District Court found to the contrary (A260-266, 299a-311a), and the Court of Appeals found it unnecessary to pass upon this point (Pet. 32, 26), only indicating that as to the about-to-be discontinued television phase of respondent's business (A134) it was given

---

* "—a" refers to petitioner's record-appendix as plaintiff-appellant below; "A—" refers to respondent's record appendix as defendant-appellee below; "Pet.—" refers to petition for certiorari and its Appendix. "Respondent" as used herein includes its predecessors which have formed with respondent a continuous business enterprise.

"some pause" and was "by no means sure" (Pet. 31). However, as to respondent's major business in microwave equipment, the Court below stated it would have had "little difficulty in approving the District Court's conclusion" (Pet. 31).

c. There was more than "mere delay" in this case. There was conduct amounting to estoppel, upon which both courts below concurred (Pet. 32-36).

d. "Assent or acquiescence by the plaintiff in the defendant's use" was *not* "absent". Petitioner's continued inaction and failure to protest, even after respondent directly relayed to it a missent letter (Pet. 28), was implied assent.

e. There were and are no goods of the parties "in direct competition".

f. There were and are no goods of the parties which are "closely related". Only one insignificant product is even similar in function (Pet. 30-31).

To reflect accurately the facts of this case, Question 1 should be rewritten as:

> "1. In an action for infringement of a registered trademark brought under the Trademark Act of 1946, 15 U. S. C., Section 1114 *et seq.*, where defendant innocently and in good faith adopts and uses a different but similar trademark for non-competing goods in a widely different field of business activity, may an eleven year implied acquiescence by plaintiff in the defendant's open and widespread use before protest or suit, coupled with a large investment by defendant in expansion during that period in the belief plaintiff did not consider any conflict to exist, constitute an estoppel barring injunctive relief."

Question 2

This question does not arise at all. Respondent's microwave goods were part of its original business as early as 1945 (A. 276), and petitioner's delay as to these admittedly non-competitive goods (Pet. 21) was no shorter than as to any other goods. No "competitive" goods exist.

Question 3

This question again is incomplete and inaccurate in its premises.

It fails to state that respondent adopted its name and work in good faith, and with no knowledge of petitioner and its mark except in an entirely unrelated field of business activity.

Neither court below held that "close similarity" is required for injunctive relief. The District Court specifically used the statutory test of likelihood of confusion (300a-301a, 301a-302a). The Court of Appeals discussed the criteria for likelihood of confusion at Pet. 30.

Question 4

This question is not present in this case. The parties' goods are *not* competitive, and respondent's counterclaim was placed in the alternative and was not compulsory.

Question 5

This question as stated is not present in this case. The Court of Appeals did not have "disagreement" (Pet. 3) with the District Court's judgment; it indicated a lack of sureness about whether plaintiff was entitled to some relief, absent its dilatory action (Pet. 31-32). Such uncertainty is far from a holding of "clearly erroneous", necessary for a reversal under Rule 52(a), F.R.C.P. The

Court of Appeals did not "expressly refuse" (Pet. 3) to decide this issue, but said it was "not required to decide that" (Pet. 32) and found it "unnecessary to pass" upon (Pet. 26) thereby leaving the Trial Court's findings undisturbed.

II

STATEMENT

Petitioner's statement (Pet. 4-10) sets forth an incomplete and somewhat inaccurate review of the salient facts here. The comprehensive opinion of the District Court (299a-311a) and the extensive opinion of the Court of Appeals (Pet. 25-36) set forth most of the relevant facts and will not be repeated.

The following paragraphs correct some of petitioner's inaccuracies and supplement the opinions below.

Up to 1944, petitioner's entire commercial business was limited to optical products, including those using polarizing materials (A5-A47, A258-A259). Its government work up to then was secret (A81, 50a) and could have gained no public recognition of its mark.

Petitioner is incorrect in stating (Pet. 5) that "Since 1943, petitioner has been selling Schmidt corrector plates and related optical systems *for use in television*."* The Schmidt corrector plate is a piece of plastic serving as an optical lens (33a). Petitioner's officer conceded that the lenses used before 1945 were *not* used in television (34a). Only years after respondent's business began, did petitioner supply this plastic lens to manufacturers of television receivers (A26-27, A218), as a purely optical component (A219).

---

* Emphasis added throughout, unless otherwise noted.

After the advent of the Land 60-second camera in 1948, petitioner's business expanded and its advertising and promotional expenditures have similarly increased, being solely for photographic products from 1955 on (A76-78). Only since this large scale photographic advertising began in 1949 (four years after respondent's business began) has petitioner's trademark become widely known among the consuming public.

Respondent's founders originally knew of petitioner's trademark only in connection with sunglasses and polarizing materials (119a, A209-10, A256, Pet. 28). Contrary to petitioner's insinuation that this was fraud (Pet. 14) the District Court expressly held that respondent "was justified in believing, and apparently did believe, that the plaintiff did not consider its trade name and business activities to be in conflict with those of the plaintiff" (309a). Even up to 1955, respondent knew only of petitioner's use of its name and mark in the fields of optics and photography (Pet. 33), concededly fields not pursued by respondent (Pet. 29). Therefore respondent justifiedly and in good faith adopted and began using its name and mark in 1944.

Petitioner and respondent are not and never have been competitors. They have never manufactured or sold competitive products. Respondent's products are highly technical microwave electronic equipment, television broadcast studio electronic equipment (which at the trial was in process of being discontinued (A134) and has since been discontinued), and two specialized laboratory instruments: a titrator and a viscometer. Petitioner admitted the parties' products are not the same (A53), but attempts semantically to blanket them together under the designation "electronics".

The Courts below found that petitioner carefully followed, and impliedly assented to, the progress and growth

of respondent, beginning less than a year from the founding of respondent's business, for eleven years before raising any objection to respondent's use of its name or mark and before taking any action for the relief sought in the present action. Three of petitioner's officers (and particularly both Patent Counsel and General Counsel) knew of respondent's business for all this time, and the rest of them for from one to six years. The testimony of petitioner's own officers clearly show that petitioner was fully aware of the existence and nature of the business of respondent for over a decade and deliberately acquiesced in respondent's activities, until the present suit was started.

Petitioner took no steps whatever to seek to request or prevent respondent from using its tradename or its trademark until the filing of the present suit in December, 1956, of which respondent received notice by service of the complaint on January 21, 1957. The answer filed March 27, 1957, in addition to a general denial, included an affirmative defense of estoppel based on laches, and counterclaims for a declaratory judgment of non-liability for unfair competition or trademark infringement and, in the alternative, in the event that the Court held that there was any likelihood of confusion between the businesses in any products of the parties under their respective names and trademarks, for a judgment that respondent's business preceded that of petitioner in any such products. By this alternative pleading, respondent asserted its priority as to any goods which the Court might find produced likelihood of confusion and made no concession or admissions such as petitioner erroneously states (Pet. 8).

The judgment of the District Court dismissed the complaint as to all counts (Pet. 38). The judgment was based upon findings made by the District Court following an exhaustive trial lasting twelve trial days, during which the

Court considered testimony of thirteen different persons, testifying both as factual and as expert witnesses, in a trial record of some 1600 pages with several hundred exhibits, and had an opportunity to view representative samples of respondent's products and some of petitioner's products. The case involves primarily contested factual issues with relatively simple legal issues, as the District Court noted (301a).

Petitioner's assertion that the Trial Court held that for it to succeed it "must establish similarity of, or competition between its products and those of respondent; and in the absence of such similarity or product competition, the complaint must be dismissed" (Pet. 8) is completely without foundation. The Trial Court in its opinion stated correctly that an issue is likelihood of confusion (301a, 302a, 305a, 306a, 311a). The Court's findings that there was no actual confusion or direct competition (304a, 305a, 307a, 311a) were in answer to petitioner's contentions, and the Court additionally held there was no likelihood of confusion (305a, 306a, 311a).

III

ARGUMENT

No reasons exist for granting the writ.

Petitioner concedes there is no trademark infringement as to respondent's microwave business, by referring to that business as "so different as not to be in any way related" (Pet. 21) and as concerning "non-competing and unrelated goods" (Pet. 21) and "non-competitive" (Pet. 22).

Respondent's remaining business in television studio equipment, which was the only phase of its business which gave the Court of Appeals "some pause" (Pet. 31) was being discontinued at the time of trial (A134) and has already terminated.

The questions raised here are therefore essentially moot.

Furthermore, the reasons advanced by petitioner have no merit.

There Are No Conflicts With the Decisions of This Court or of Other Courts (Pet. 11 to 16)

In an obvious effort to create some extraordinary proposition which might catch the eye of this Court and induce a writ of certiorari, petitioner erroneously asserts as its first and principal reason for the allowance of the writ, that the Court of Appeals below held that *Menendez* v. *Holt*, 128 U. S. 514 (1888) "applies only when the goods of the parties are in competition" (Pet. 12).

The Court of Appeals made no such holding.

The Court of Appeals followed the universally recognized principle that, where petitioner's laches was protracted and

aggravated in character, and materially prejudiced respondent, it constituted equitable estoppel requiring denial of all relief.

To support its position petitioner mistakenly asserts that *McLean* v. *Fleming*, 96 U. S. 245, and *Menendez* v. *Holt*, 128 U. S. 514 state an absolute, inexorable and mechanical rule of law without regard to varying fact situations. Neither these decisions nor the subsequent ones by this Court and other Courts have so ruled.

The *McLean* case involved the proven infringement of the trademark "Dr. McLane's Liver Pills" by the mark "Dr. J. H. McLean's Universal Pills". This Court affirmed an injunction for plaintiff, but because of delay in bringing the suit refused an accounting for damages, saying, at page 253:

> "Equity courts will not, *in general*, refuse an injunction on account of delay in seeking relief, where the proof of infringement is clear, even though the delay may be such as to preclude the party from any right to an account for past profits."

It is clear from the above language that this Court was there laying down a *general* rule, where there was *nothing more* than "delay in seeking relief, where the proof of infringement is clear."

Eleven years after the *McLean* case this Court decided *Menendez* v. *Holt*, 128 U. S. 514, and there sustained a decree refusing an accounting but granted injunctive relief. This Court was urged then to reconsider its holding in *McLean*. In commenting on its earlier decision in *McLean*, this Court made it crystal clear that it would refuse to grant an injunction where facts constituting estoppel were present or where to grant an injunction would be inequi-

table. Petitioner has carefully chosen its quotation from *Menendez* (Pet. 12), which omits the salient reason for this Court's affirmance of injunctive relief there (page 524):

> "At the same time, as it is in the exercise of discretionary jurisdiction that the doctrine of reasonable diligence is applied, and those who seek equity must do it, a court might hesitate as to the measure of relief, where the use, by others, for a long period, under assumed permission of the owner, had largely enhanced the reputation of a particular brand.
>
> But there is nothing here in the nature of an estoppel, nothing which renders it inequitable to arrest at this stage any further invasion of complainant's rights."

Neither *Menendez* nor *McLean* prohibits any lower court from denying injunctive as well as monetary relief where there is something "in the nature of an estoppel", or where equitable considerations so require in the interests of justice, as here.

In the later case of *Saxlehner* v. *Eisner & Mendelson Co.*, 179 U. S. 19 (1900), this Court barred all relief after a twenty-year delay except to enjoin the defendant from using a label which was an identical copy of a label used by plaintiff in marking an identical commodity. As noted by the Court of Appeals in the present case, the opinion of this Court in *Saxlehner* "which upheld the defense of laches with respect to the word 'Hunyadi', indicated that *Menendez* v. *Holt* does not go so far as appellant claims, even when a portion of the marks and products are identical" (Pet. 34).

Still later, in *French Republic* v. *Saratoga Vichy Co.*, 191 U. S. 427 (1903) this Court denied all relief in a trademark case where the plaintiff had acquiesced for some thirty

years in defendant's use of the word "Vichy" in marketing mineral water.

Petitioner under its first two "Questions Presented" (Pet. 2-3) would thrust upon this Court the question, whether, in a trademark infringement action, delay without more summarily bars injunctive relief. This is an issue not present here. The District Court did not hold, the Court of Appeals did not hold, and respondent does not contend, that mere delay, with nothing more, constitutes a summarily conclusive or automatic bar to injunctive relief in trademark infringement actions. What the District Court held, what the Court of Appeals and other courts have held, and what respondent contends, is simply this:

1. Laches which is prolonged and inexcusable and which operates to a defendant's material prejudice may be held to be an estoppel and to bar all relief.

2. The burden of satisfactorily explaining such aggravated laches devolves upon the plaintiff and such explanation is completely absent here.

3. The extent of the application of the equitable doctrine of estoppel by laches is to be determined in the sound discretion of the court of equity under the particular factual situation presented.

Petitioner's reliance here on the *McLean*, *Menendez* and even *Saxlehner* cases (Pet. 11-14) is completely misplaced since they relate solely to instances where there was *nothing more* than delay, and, in fact, *Menendez* itself is clear authority for dismissal because of the admitted grossly inequitable conduct of petitioner.

Here, as the Court of Appeals held (Pet. 27-29) there was far *more* than mere delay; there were other important factors barring injunctive relief.

As the Court of Appeals emphasized, petitioner sat back for eleven years, even after direct communication from respondent in 1951, without even a protest, and allowed respondent to expend large sums to advertise and expand its business, from 8 to 530 employes, from $2300 to $371,800 in assets, from $3000 to $1,547,400 in inventories, from $12,000 to $6,048,000 in sales (Pet. 28-29). The Court of Appeals emphasized the equitable considerations which motivated its decision here, in its quotation from the *Valvoline* case (211 Fed. 189, 195, S. D. N. Y. 1913) at Pet. 36.

The present case thus *follows* this Court's rulings, and there is no conflict.

Petitioner also urges supposed conflict with the decision of this Court in *Southern Pine Lumber Co.* v. *Ward*, 208 U. S. 126, 140, 141 (Pet. 14). Petitioner attempts to glean a holding from the *Southern Pine* decision that a party can never invoke estoppel where it asserts a counterclaim. The Court of Appeals reviewed this carefully, and found that the *Southern Pine* decision apparently turned upon factors particular to that case, and that even if the somewhat obscure passage from that decision were interpreted as petitioner urges, the present situation is clearly distinguished by the fact that here the parties' circumstances were not parallel, and respondent here made no attempt to foreclose petitioner from its name in the areas of optics and photography (Pet. 33-34). The carefully reasoned opinion of the Court of Appeals shows no conflict here.

Nor is the present case in any way inconsistent with, much less "irreconcilable with" (Pet. 16), the decisions of other circuits.

The Courts of Appeals have universally denied injunctive relief in trademark cases wherever the facts made it inequitable to do so. Such cases are *France Milling Co.* v.

Washburn-Crosby Co., 7 F. 2d 304 (2nd Cir. 1925); *Thomas J. Carroll & Son* v. *McIlvaine & Baldwin*, 183 Fed. 22 (2d Cir. 1910); *Dwinell-Wright Co.* v. *White House Milk Co.*, 132 F. 2d 822 (2d Cir. 1945); *Anheuser-Busch* v. *DuBois Brewing Co.*, 175 F. 2d 370 (3d Cir. 1949); and *Pflugh* v. *Eagle White Lead Co.*, 185 Fed. 769 (3d Cir. 1911). In the latter case, the Court barred all relief and reversed the District Court which had granted injunctive relief, giving particular attention to this Court's holding in *Menendez*, saying at page 772:

> "We are not unmindful of *Menendez* v. *Holt*, 128 U. S. 524, 9 Sup. Ct. 143, 32 L. Ed. 526, and other cases cited in the opinion below, that mere failure to enforce trademark rights will not preclude injunctive relief when it is sought. But those were cases where, as said in Menendez v. Holt, supra, there was nothing 'in the nature of an estoppel, nothing which rendered it inequitable to arrest at this stage any further invasion of complainant's rights.' In this case there is."

The Seventh Circuit, despite petitioner's assertions (Pet. 16), is to the same effect. In *Seven-Up* v. *O-So-Grape Co.*, 283 F. 2d 103 (7th Cir. 1960), the Court of Appeals said, at page 106:

> "Mere delay in bringing suit ordinarily does not affect the right to an injunction against further use of an infringed trademark. Independent Nail & Packing Co., Inc. v. Stronghold Screw Products Inc., 7 Cir. 205 F. 2d 921, 927; Mantle Lamp Co. of America v. Aladdin Mfg. Co., 7 Cir., 78 F. 2d 426, 429. Laches does not necessarily constitute a conclusive and automatic bar to injunctive relief in trademark actions. *However, in many instances, the delay may be so prolonged and inexcusable that it would be inequitable to permit the*

plaintiff to seek injunctive relief as to future activities." (Emphasis added.)

This Court there denied certiorari on questions similar to those raised here (—— U. S. ——, 5 L. ed. 2d 859, April 3, 1961).

Petitioner attempts to avoid the impact of these established principles by raising a spurious cry of "fraud" (Pet. 13-14), urging that respondent's restricted knowledge of petitioner's business and mark at the time respondent began operations should deprive respondent of the support of the equitable powers of the court. Under the facts here, both Courts below, in the exercise of their judgment and discretion, have found that the equities favor respondent.

Respondent's original knowledge of petitioner's business was limited to sunglasses and polarizing materials; respondent was completely ignorant of any involvement of petitioner in the field of electronics (Pet. 28). No similarity between these optical goods and any of respondent's products has been indicated. The only products of petitioner mentioned by the Court of Appeals as creating any uncertainty are those of which respondent had no knowledge (i.e., television filters, Pet. 29, 30-31) and in fact were first sold by petitioner in 1948 (7a), some time after respondent began business in 1945. Even up to 1955, respondent knew of petitioner's activities only in the fields of optics and photography, far from respondent's principal field of microwave equipment (Pet. 33).

When these facts are considered, there are no conflicts with any decisions of other circuits.

In the First Circuit case cited by petitioner (Pet. 16), *Grove Laboratories, Inc.* v. *Brewer & Co.*, 103 F. 2d 175, the Court expressly found that the defendant *acted fraudulently* in adopting and using the trademark LPQ for cold

tablets where plaintiff had earlier extensively used the trademark LBQ for cold tablets. This fact situation is the same as in the *McLean* and *Menendez* cases, which the Court below expressly distinguished here.

In both the Seventh Circuit cases cited (Pet. 16) the facts could spell out no other conclusion than that the defendants were *deliberately seeking advantage* from the plaintiff's reputation. Here, the fact is contrary (121a, A155) and was so found by the Trial Court (305a, 311a).

The Eighth Circuit is not inconsistent with the decision of the Court below. In the *Layton* case relied on by petitioner (Pet. 16) (decided long before the *Emerson, Landers,* and *Duinell-Wright* cases cited by the Court below) complainants protested to the predecessors of the defendant shortly after learning of their use (182 Fed. at 41). This is completely absent from the present case (Pet. 28-29).

The petitioner's reliance on Ninth Circuit cases (Pet. 16) to show supposed conflict is also misplaced. In the *Stork Restaurant* case the goods were identical and defendant user not only had knowledge of the New York restaurant but sought "to capitalize on the prestige of the plaintiff" (166 F. 2d at 360-361, 355) and plaintiff had protested early to defendant.

In *Safeway Stores* the court held that defendant sought to capitalize on the vast expenditures for advertising and plaintiff had written early to defendant (172 F. 2d at 656).

None of these factors is present here. Each of petitioner's citations is distinguishable on its facts and each was decided long prior to the *Seven-Up* case, which this Court refused to review on a similar question.

There is thus no conflict between either decision below and any decision of this Court or of any Court of Appeals.

This Petition Presents No Questions of Public Importance Relating to the Construction of the Trademark Act of 1946 (Pet. 17-23)

Petitioner asserts that a decision by this Court is necessary (a) because the Trademark Act of 1946 fails to establish the extent of protection against infringement, and (b) because the doctrine of laches was not properly applied here, in a trademark case involving a federally registered mark.

Under part (a), petitioner seeks to have this Court decide an issue not decided by the Court of Appeals. The Court of Appeals affirmed dismissal of the complaint on estoppel because of laches, and found it unnecessary to decide any other grounds (Pet. 27, 32). Petitioner here seeks further review in this Court on the merits of issues of fact which were fully considered and determined against petitioner by the Trial Court but not expressly ruled on by the Court of Appeals. In this Court, such issues are in effect academic, and this alone should impel denial of a writ. *Triplett* v. *Lowell*, 297 U. S. 638, 649 (1936).

Moreover, petitioner misinterprets the decisions of the District Court and of the Court of Appeals. The District Court did *not* "require actual product competition" (Pet. 19). It specifically passed upon likelihood of confusion (306a, 311a). The Court of Appeals also discussed likelihood of confusion in its opinion; the passage of its opinion quoted by petitioner (Pet. 19) merely gives the factors to be considered in deciding likelihood of confusion.

In addition, the Court of Appeals did not distinguish *McLean* and *Menendez* "on the ground that those cases involved only competing or substantially identical goods and are not applicable to a situation such as here presented, where respondent has gradually encroached upon peti-

tioner's fields of activity" (Pet. 21). Those cases were distinguished because of the equitable factors discussed above; indeed, far from finding that respondent "gradually encroached upon petitioner's fields of activity", the Court below said "We find nothing to support plaintiff's assertion that defendant has further encroached on plaintiff's field since 1953" (Pet. 36).

Further, this Court denied certiorari in a case clearly raising this very issue, in *Avon Shoe Co., Inc. et al.* v. *David Crystal, Inc. et al.*, 279 F. 2d 607 (2d Cir. 1960), cert. den. 364 U. S. 909 (1960), where the Court of Appeals rejected plaintiff's argument that the first user of a federally registered trademark has an absolute right to enjoin the mark's use on related goods even where there is likelihood of confusion, absent here. The question there was:

> "Does the Lanham Act give the first user of a strong mark an absolute right to injunctive relief against its use on related goods where confusion of origin was found?"

Having refused certiorari in a case directly raising that question, this Court should not grant it where the question does not even arise.

Part (b) of this ground is of even less importance. Petitioner merely seeks a further review of its inequitable conduct as found by both Courts below (307a-310a; Pet. 28-29, 32-36).

The asserted basis for this ground is also not present. The Court below did not base its decision *solely* on petitioner's failure to take action when respondent was small, but additionally pointed out that petitioner failed to act even when respondent's sales exceeded ½ million dollars (Pet. 35).

The application by a court of equity of the conventional tests for estoppel because of laches requires no action by this Court.

The Court Below in Sustaining the Defense of Laches Decided a Real Question (Pet. 23-24)

Petitioner's fourth reason for review has no merit. It was not raised in the Court below, nor was reconsideration requested.

The District Court dismissed the complaint because of both non-infringement and estoppel by laches. This was clearly proper. *Richmond Screw Anchor Co.* v. *United States*, 275 U. S. 331, 340 (1928); *Union Pac. R. Co.* v. *Mason City & Ft. D. R. Co.*, 199 U. S. 160, 166 (1905).

On the record before it, the Court of Appeals was clearly within its powers to affirm the dismissal on any one of the grounds relied on by the Trial Court (*Nashville Milk Co.* v. *Carnation Co.*, 238 F. 2d 86, 88 (7 Cir. 1956), affirmed 355 U. S. 373 (1958)) or even on a different ground (*Securities and Exchange Comm.* v. *Chenery Corp.*, 318 U. S. 80, 88 (1943); *Brown* v. *Allen*, 344 U. S. 443, 459 (1953)). It was not necessary for the Court of Appeals expressly to pass upon both grounds, since affirmance of either sufficed.

Nor was the upholding of the defense of estoppel by laches adademic in the absence of a holding of infringement. Even if infringement existed, the present laches were a complete defense. *A fortiori*, it is a complete defense even though infringement be ignored.

The Court of Appeals did not see fit to set aside the District Court judgment of non-infringement. That judgment therefore properly stands, even though the Court of Appeals may not have expressly passed upon it in its opinion.

IV

CONCLUSION

This litigation is of significance only to the litigants; it is not of such gravity and general importance as to justify review by this Court.

The petition for a writ of certiorari should be denied.

Respectfully submitted,

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